



**CHANGE FOR THE  
BETTER WITH  
ENERGY STAR**

ENERGY STAR®, a U.S. Environmental Protection Agency and U.S. Department of Energy program, helps us all save money and protect our environment through energy efficient products & practices. For more information, visit [www.energystar.gov](http://www.energystar.gov).

## CONSUMER TAX CREDITS FOR ENERGY EFFICIENCY

### INTRODUCTION

You could be eligible for tax credits under the Energy Policy Act for:

- Home improvements such as insulation, windows, and heating and cooling equipment
- Efficient Cars
- Solar Energy Systems
- Fuel Cells

Unlike a tax deduction, which reduces the amount of your income that is subject to tax, a tax credit directly reduces the amount of tax you owe. Final rules clarifying which products and services qualify for the tax credits have been developed by The Internal Revenue Service (IRS). You must refer to the final IRS rules to determine what qualifies for the tax credit.

Please note, not all ENERGY STAR qualified products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels. If you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, offer relatively quick payback through lower energy bills, even without a tax credit.

### CONSUMER TAX CREDITS

#### Home Improvements

Tax credits are available for many types of home improvements including adding insulation, replacing windows, and purchasing certain high efficiency heating and cooling equipment (refer to the chart on the back side for detailed information). The maximum amount of homeowner credit for all improvements combined (excluding solar) is \$500 during the two year period of the tax credit. This tax credit applies to improvements made from January 1, 2006 through December 31, 2007.

### Efficient Cars

Tax credits are available to buyers of hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles. The tax credit amount is based on a formula determined by vehicle weight, technology, and fuel economy compared to base year models. These credits are available for vehicles placed in service starting January 1, 2006. For hybrid and diesel vehicles made by each manufacturer, the credit will be phased out over 15 months starting after that manufacturer has sold 60,000 eligible vehicles. For vehicles made by manufacturers that have not reached the end of the phase-out, the credits will end for vehicles placed in service after December 31, 2010.

### Solar Energy Systems

Tax credits are available for qualified solar water heating and photovoltaic systems. The credits are available for systems "placed in service" in 2006 and 2007. The tax credit is for 30 percent of the cost of the system, up to \$2,000.

### Fuel Cells

Tax credits are available for qualifying fuel cell and microturbine systems. The credits are available for systems "placed in service" in 2006 and 2007.

### FOR MORE INFORMATION:

[www.energystar.gov/taxcredits](http://www.energystar.gov/taxcredits)

[www.energytaxincentives.org](http://www.energytaxincentives.org)

Contact a qualified tax advisor for expert advice on your specific tax situation.

# DRAFT SUMMARY OF TAX CREDITS FOR HOMEOWNERS

PRODUCT TYPE	TAX CREDIT SPECIFICATION **SEE IRS RULES FOR CLARIFICATION	TAX CREDIT
Exterior Windows & Skylights	ENERGY STAR qualified or Meets IECC <sup>1</sup>	10% of cost, up to \$200 <sup>2</sup>
Exterior Doors	Meet IECC <sup>1</sup>	10% of cost, up to \$500 <sup>2</sup>
Metal Roofs	ENERGY STAR qualified	10% of cost, up to \$500 <sup>2</sup>
Insulation	Meet IECC <sup>1</sup>	10% of cost, up to \$500 <sup>2</sup>
Central A/C	EER 12.5/SEER 15 Split Systems EER 12/SEER 14 Package systems	\$300 <sup>2</sup>
Air Source Heat Pumps	HSPF 9 EER 13 SEER 15	\$300 <sup>2</sup>
Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: EER 14.1 COP 3.3 Closed Loop EER 16.2 COP 3.6 Open Loop EER 15 COP 3.5 Direct Expansion	\$300 <sup>2</sup>
Gas, Oil, Propane Furnace or Hot Water Boiler	AFUE 95 for both furnaces and boilers	\$150 <sup>2</sup>
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	\$50 <sup>2</sup>
Gas, Oil, Propane Water Heater	Energy Factor 0.80	\$300 <sup>2</sup>
Electric Heat Pump Water Heater	Energy Factor 2.0	\$300 <sup>2</sup>
Cars	Hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles	Based on a formula determined by vehicle weight, technology, and fuel economy compared to base year models. Subject to a maximum number of cars for each auto manufacturer.
Solar Water Heating	At least half of the energy generated by the "qualifying property" must come from the sun. The credit is not available for swimming pools or hot tubs. The water must be used in the dwelling, and the system must be certified by the Solar Rating and Certification Corporation (SRCC).	30% of cost, up to \$2,000
Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of cost, up to \$2,000
Fuel Cells	Efficiency of at least 30% and must have a capacity of at least 0.5 kW.	30% of the cost, up to \$1000 per kW of power that can be produced

For more detailed information, go to [energystar.gov/taxcredits](http://energystar.gov/taxcredits)

<sup>1</sup>Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code

<sup>2</sup>Subject to a \$500 maximum per homeowner for all improvements combined.